

AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission
From: Jeremy Howard, City Manager
Date: March 16, 2023
Regarding: Approve Farming Bid and Authorize Lease Agreement – Airport

For the Agenda of March 20, 2023

Background. Up until recently, the City of Clare has maintained a long-standing farming contract with Rawson Farms to allow them to lease vacant city land at the Airport for use as cropland in return for a fee per acre farmed. As you know, as of this Spring Rawson Farms will no longer be farming and therefore the City of Clare is now seeking a new farmer who desires to lease the land.

In order to find a new farmer willing to lease the land, the city drafted and advertised an RFP for farming services. Bids were due by 2:00 p.m. on March 16, 2023. The city received four (4) bids (see att'd bid sheet) with a high bid of \$108.00/acre being received from Kreamsreiter Farms. After reviewing the bids and checking references, City Staff recommends approving the high bidder and entering into a lease agreement with Jim Kreamsreiter for farming services at the Airport.

The City Commission is asked to approve the bids and award the airport farming agreement to Kreamsreiter Farms as well as authorize the City Manager to sign all necessary and related documents.

Issues & Questions Specified. Should the City Commission approve the bids and award the farming services contract to Kreamsreiter Farms?

Alternatives.

1. Approve the bids and award the lease agreement to the high bidder.
2. Do not approve the bids and award the lease agreement.
3. Defer this matter to a subsequently scheduled City Commission meeting.

Financial Impact. The financial benefit to the City is approximately \$14,644.80 per year.

Recommendation. I recommend that the City Commission approve the bids and award the lease agreement for Farming Services at the City's Airport with Kreamsreiter Farms, and authorize the City Manager to sign all necessary and related documents by adoption of Resolution 2023-020 (*copy att'd*).

Attachments.

1. Bid Tab Sheet.
2. Proposed Contract and supporting documents.
3. Resolution 2023-020.

BIDS DUE: March 16, 2023 at 2pm

Farm Land Lease Airport

BID	BIDDER INFORMATION	
	NAME & ADDRESS	PHONE
\$ 95/Acre	Colt Davis / C Davis Farms 8530 E Beaverton Rd Clare	989 429 4304
*100/Acre	Hostetler Farms (sam) 11650 Oak Rd Clare	989 339 4819
\$ 100/Acre	Corner Stone Acres Robert Ervin 1720 S Vamber Rd Mt Pleasant 48858	989-173-1115
\$ 108/Acre	Kremsreiter Farms Jim Kremsreiter 1592 W Beal City Rd Mt Pleasant 48858	989 621 3893

Bids were opened on 3/16/2023
by Mary Warner, Utility Billing Clerk and Cheryl Coon, Asst. Treasurer

FARMLAND LEASE BID FORM

City of Clare Airport Property

EQUAL OPPORTUNITY

In accordance with Federal law and U.S. Department of Agriculture policy, the City of Clare is prohibited from discriminating on the basis of race, color, national origin, age, disability, religion, sex, familial status, sexual orientation, and reprisal. To file a complaint of discrimination, write to:

USDA, Assistant Secretary of Civil Rights
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, S.W., Stop 9410
Washington, DC 20250-9410

Or call toll free at 866/632-9992 (English) or 800/877-8339 (TDD) or 866/377-8642 (English Federal-relay) or 800/845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

BID SUBMISSION

Sealed bids will be accepted until 2:00 p.m. on Thursday, March 16, 2023, at which time the bids will be opened. Sealed bids must be submitted on this bid form and delivered or mailed to:

City of Clare
Farmland Lease Bid-Airport
202 W Fifth Street
Clare, MI 48617

The City of Clare reserves the right to accept and/or reject any and/or all bids. Postmarks will not be accepted.

AIRPORT FARMLAND LEASE BID: _____/ACRE

BUSINESS NAME: _____

INDIVIDUAL AUTHORIZED TO SUBMIT BID: _____

STREET ADDRESS: _____

CITY/STATE/ZIP: _____

EMAIL ADDRESS: _____

SIGNATURE OF AUTHORIZED BIDDER: _____

FARM LEASE-CLARE MUNICIPAL AIRPORT

THIS LEASE made this _____ day of _____, 2023 by and between, the City of Clare, hereinafter referred to as "**LESSOR**"; and _____ of Address _____, County _____, State _____, Zip Code _____, hereinafter referred to as "**LESSEE**".

This lease is made upon the following terms and conditions, all and every one of which the parties hereto agree to perform:

1. Description of Leased Premises

LESSOR hereby rents and leases to **LESSEE** the premises legally described on Schedule "A" attached hereto (the "Premises").

2. Term and Termination

The term of this lease shall be for a period of one (1) Year(s) commencing on March 21, 2023 and terminating on March 20, 2024. However, this Lease may be renewed on the same terms and conditions set forth herein by mutual consent of the parties. The parties hereto may renegotiate the rental price and the number of years of renewal.

Notwithstanding any provision of this contract to the contrary, Lessor reserves the right to terminate this contract in whole or for a portion of the leased property at any time up and until the planting of spring crops, each year, without creating any claim by Lessee of any sort for breach of this lease or other damages. Lessee shall notify Lessor of its expected planting schedule, at least 30 days prior to planting. Once Lessee plants crops for the spring season, the Lease may not be terminated by Lessor absent either permitting Lessee to remove its harvest at the proper time, or payment for the crop Lessee loses.

3. Rental

LESSEE shall pay **LESSOR** rents for the Premises leased in the manner outlined on the attached schedule "B".

4. Taxes

The **LESSOR** agrees to pay the real estate taxes.

5. Use of Premises

Due to the location of the farmland's proximity to the runway and flight paths at the City's Municipal Airport, crops may not exceed 4 feet in height. The **LESSEE** covenants and agrees to farm the land according to reasonable agricultural methods, and being that part of this involves soil testing, fall tillage, liming and fertilization, that **LESSEE** shall be reimbursed in full for such soil testing, tillage, fertilization and liming done, by or for **LESSEE**, prior to planting of spring crop if the farm is no longer farmed the for reason of Death or Disability of **LESSEE** or Development by **LESSOR**, any other reason will be negotiable. **LESSOR** also agrees that **LESSEE** is entitled to all Agricultural, Insurance, and Disaster Payments earned as operator of this farm during the duration of this lease. Lessee agrees to install waterways and maintain them for the term of the lease. Lessee will also maintain road ditches for the duration of the lease.

6. Insurance

LESSEE shall carry adequate public liability insurance in an amount not less than \$500,000.00.

7. Holding Over By Lessee

If the **LESSEE** holds over after the expiration of the term specified in this lease, thereafter the tenancy shall be from month to month in the absence of a written agreement to the contrary, subject, however, in all other respect, to all of the other terms and conditions of this lease.

8. Lessee's Right to Crops in Cycle

In the event of the termination of this Lease, or in the event of default by the **LESSEE**, **LESSEE** may continue to cultivate and harvest the crops then growing on the leased Premises, but **LESSOR** shall have a security interest in the crops and the proceeds of the sale of the crops to secure payment of the rental due and to become due during the balance of the then-current lease term.

9. Assignment

This Lease cannot be assigned except with written consent of the parties and, at the expiration of said term, or upon any sooner termination of this Lease as herein provided, the **LESSEE** agrees to deliver up the said Premises in as good a condition and order as the same or now in, reasonable wear and damage by the elements excepted.

10. Effect of Agreement

It is mutually agreed that the covenants and agreements herein contained shall extend to and be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, and assigns.

LESSOR:

City of Clare

Pat Humphrey, Mayor
FEIN: 38-6004529
202 West Fifth Street
Clare, Michigan 48617

LESSEE:

Company: _____

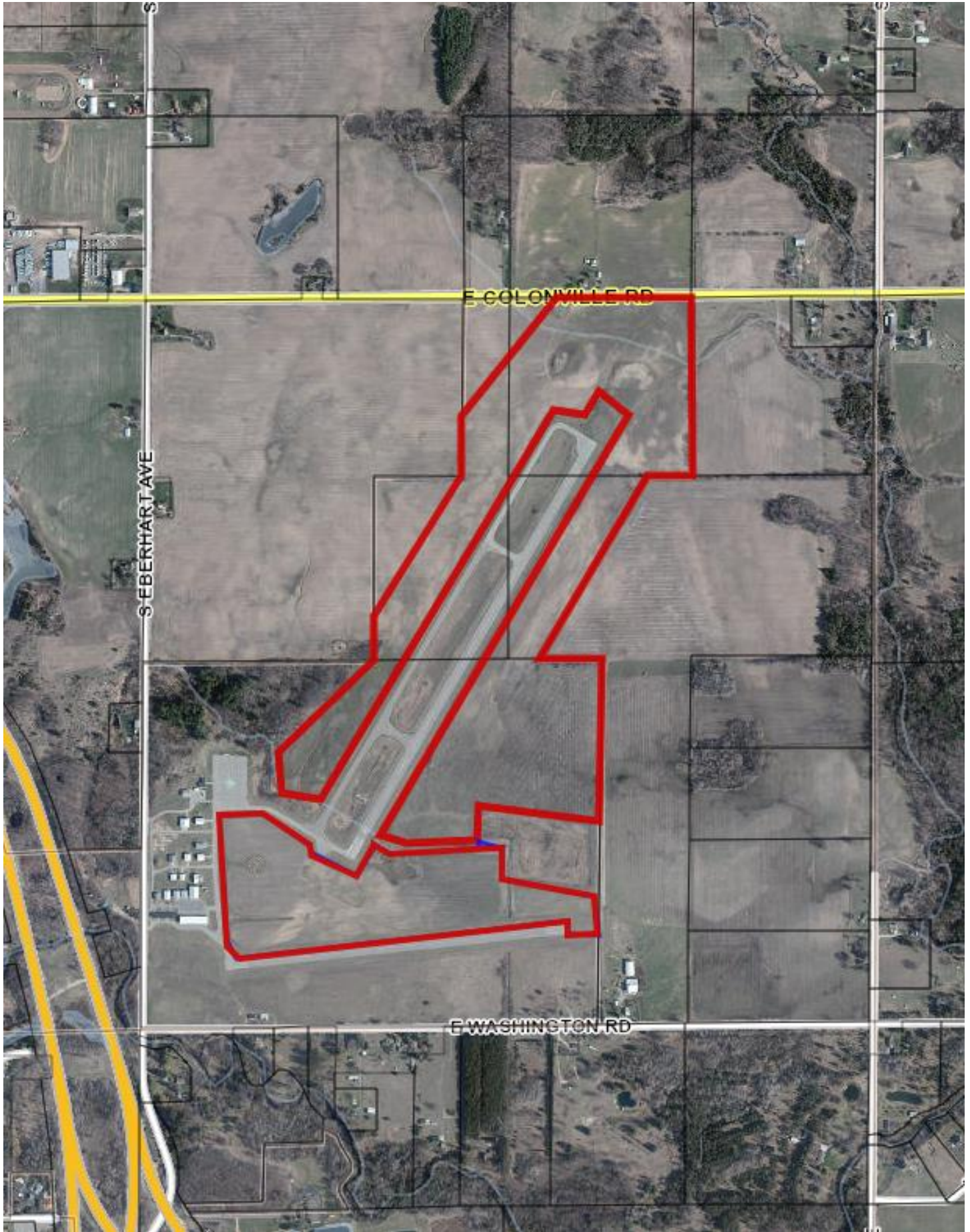
By: _____

Address: _____

Telephone: _____

Email: _____

CITY OF CLARE AIRPORT FARM LEASE PROPERTY-EXHIBIT 1



SCHEDULE-A
CLARE MUNICIPAL AIRPORT PROPERTY

Legal Description of Leased Premises

Approximately 135.60 Acres located in Section 25 of Grant Township, Clare County, Michigan, of tillable acreage located within Property ID 051-025-300-01, 051-025-200-05, 051-025-200-03, identified on the attached Exhibit 1, GIS map. The true amount of tillable acreage is to be calculated in coordination between the lessee and lessor.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule A (airport property lease) Agreement: _____

SCHEDULE-B

Rental

The **LESSEE** shall pay to the **LESSOR**, as rent for said Premises, _____per acre, per year for all land subject to this lease agreement. Said rental shall be paid annually on or before December 31 of each contract year. Provided, however, that it may be mutually agreed upon by the parties that said rental payment may be paid at a later date to be determined by the parties.

This lease shall automatically terminate on March 20 of any year if the rent for the previous year has not been paid in full, or other satisfactory arrangements have been made between the **LESSOR** and the **LESSEE**.

Lessor Acknowledgement (Initials) _____

Lessee Acknowledgement (Initials) _____

Date of Schedule B (airport property lease) Agreement: _____

RESOLUTION 2023-020

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING BIDS AND AWARDING A LEASE AGREEMENT FOR FARMING SERVICES TO KREMSREITER FARMS AT THE CITY OF CLARE MUNICIPAL AIRPORT.

WHEREAS, the city's long-time farming lessor has notified the city that they have sold their farm and will no longer farm the property of the City of Clare; and

WHEREAS, the City thence solicited bids for said farming services; and

WHEREAS, four (4) bids were received and Kreamsreiter Farms was the high bidder at \$108.00/acre; and

WHEREAS, the City Staff has reviewed said bids and determined that the bid from Jim Kreamsreiter meets bid specifications and requirements; and

WHEREAS, the City desires to enter into an agreement with Kreamsreiter Farms for Farming services of approximately 135.60 acres at the City of Clare at the Clare Municipal Airport; and

WHEREAS, the payment for said lease is reasonable and appropriate; and

NOW THEREFORE BE IT RESOLVED THAT the City Commission of the City of Clare hereby approves a lease agreement between the City of Clare and Kreamsreiter Farms with said contract to commence on March 20, 2023 and terminate on December 31, 2023 unless renewed before that date.

BE IT FURTHER RESOLVED THAT, the Mayor and City Commission of the City of Clare hereby formally authorizes the City Manager to sign all necessary and related documents.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 20th day of March, 2023.

Diane Lyon, City Clerk